

Hawaii Tourism Authority  
1998 Status Report to the  
Hawaii State Legislature



# HAWAII TOURISM AUTHORITY

## *Message from the Governor*

After years of robust tourism growth in the 1970s and the 1980s, Hawaii is now facing several challenges on the road to renewing itself to remain competitive in the international marketplace. Today, we know that Hawaii's natural endowments are not in themselves sufficient to sustain the industry. To this end, the State is taking decisive actions to provide direct support to the visitor industry and to improve the quality of the tourism product:

- Increasing air service to Hawaii. In a major effort to boost tourism, my administration implemented two key initiatives to support increased air service to Hawaii. These include major improvements to the Kona International Airport which have enabled wide-body aircraft to provide direct service to the Big Island. In addition, my administration imposed a two-year moratorium on landing fees by air carriers, saving airlines an estimated \$40 million each year and thereby increasing their profitability on Hawaii routes;
- Diversifying within and beyond traditional tourism. We are committed to adding new attractions and encouraging Hawaii's visitor industry to partner with other economic sectors to encourage people to travel to Hawaii for business, health, sports, retail, education, and cultural purposes. Our efforts included: 1) building the world-class Hawaii Convention Center on time and on budget; 2) breaking ground for the \$27 million Kapolei Sports Recreational Complex to position Hawaii as a leader in the international sports industry; and 3) unveiling plans for a world-class aquarium at Kakaako; and
- Providing increased funding for tourism marketing. In 1997, I signed into law Act 003, providing \$10 million in emergency funds for marketing in Hawaii's core markets - the Mainland U.S. and Japan. Earlier this year, my administration approved \$3.3 million to host the world-renowned Miss Universe Pageant. The purpose of these marketing funds was to direct funds into programs that would attract more visitors to Hawaii and subsequently, provide immediate- and long-range benefits for the state's economy.

The most important economic initiative of my administration was Act 156, which provides dedicated tourism funding at an internationally competitive level for the first time in this state's history. During the first full year of increased funding, nearly \$60 million will be available for tourism; more than twice the current level. With the increased funding for tourism came the need to establish a cabinet-level executive board to create a vision for tourism and to administer tourism development from a statewide perspective - the Hawaii Tourism Authority.

It is with great pleasure that we look forward to the Authority's development of an all-encompassing vision and marketing strategy for Hawaii's tourism industry.

BENJAMIN J. CAYETANO

# HAWAII TOURISM AUTHORITY

## *Message from the Chair*

Today's travelers are value-conscious, want to be active participants in their vacation destination, and demand higher levels of service. Competitors are more numerous, smarter, and armed with substantial resources as they realize the strength of tourism as a powerful economic development tool. Worldwide, there are emerging trends — advancements in technology, increased competition and global alliances — that will have significant impact on the visitor industry and the evolving travel patterns of visitors in the near future.

The Hawaii Tourism Authority was formed to ensure that Hawaii is cognizant of these market conditions and is able to make the necessary adjustments that will protect the health and viability of Hawaii's visitor industry and, thus, our economy. Efforts since our first meeting at the end of October have been largely organizational - developing a framework within which to operate. In addition, we have made several recommendations as described herein which we feel will aid in the long-term strategic development and marketing of our visitor industry. Once we are fully underway, we anticipate being able to respond to the dynamism of tourism and to be fully accountable for our decisions and actions.

It is important for the board to grow Hawaii's biggest product – tourism – as Hawaii moves forward into a new century. It is essential that Hawaii continues to provide a high-quality, competitive tourism product. In achieving this, the Hawaii Tourism Authority will strive to create an industry that is built upon the integral involvement of the local community and one that is supportive of the quality of life for the citizens of our state.

This report affirms and carries forward our commitment to and dedication for fostering a thriving and vibrant tourism industry first and foremost for the people of Hawaii.

JOHN L. REED

# HAWAII TOURISM AUTHORITY

## Members And Staff

### *Members*

### *Representing*

John L. Reed, Chairman  
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Diane S. Quitiquit, Vice-Chair  
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Roy Tokujo  
President & CEO  
Cove Marketing, Inc.

Keith Vieira  
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Director of Operations - Hawaii  
Starwood Hotels & Resorts Worldwide, Inc.

Ron Wright  
Managing Director,  
Sales and Marketing-Hawaii  
Continental Airlines

At-Large

Hawaii County

Kauai County

At-Large

At-Large

At-Large

At-Large

Maui County

City & County of Honolulu

At-Large

At-Large

Kazu Hayashida (Ex-Officio)  
Director, State of Hawaii,  
Department of Transportation

Non-voting

Kalowena Komeiji  
Independent Event and Public  
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#### **Hawaii Tourism Authority Staff**

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## **I. Purpose and History of the Hawaii Tourism Authority**

### **A. Economic Revitalization Task Force Recommendations**

After seven years of a stagnant economy, Hawaii's leaders came together in October 1997 to face that serious challenge. Governor Benjamin J. Cayetano, Senate President Norman Mizuguchi and House Speaker Joe Souki appointed a task force to recommend major initiatives to improve the state's economy, both near and longer term. The Economic Revitalization Task Force (ERTF) was made up of 26 members from across the state who represented a variety of interests and perspectives. The focus was on bold, fundamental, and strategic actions.

The process began with a series of working groups. These working groups comprised over 150 residents of our state drawn broadly from all sectors, especially small business. In over 30 public meetings, they drew on individual experiences and perspectives, and resources from around the world and over 800 comments, research, suggestions, and ideas from the public were identified. These working groups placed over 50 options before the ERTF.

One of the major issue areas studied by the ERTF was Hawaii's tourism industry as it represents one in every three jobs in the state and accounts for one-quarter of Hawaii's economy. While tourism around the world has been growing dramatically, Hawaii's growth has plateaued. Rival destinations such as Guam, Mexico, and Australia have become major competitors for our potential visitors. In order to compete effectively, Hawaii must have more aggressive marketing efforts in order to maintain its position in the world market. To accomplish this goal, the ERTF made the following recommendations:

- **Hotel Tax.** The Transient Accommodations Tax (TAT - hotel room tax) should be raised from 6 percent to 7 percent and broadened to include time-share condominiums.
- **Dedicated tourism marketing.** Three percentage points of the hotel tax should be dedicated to create a tourism marketing fund of approximately \$60 million.
- **Tourism Board.** With the increased public funding, there is a need for greater accountability related to the use of the funds. An Executive Board should be established to oversee the new fund; the composition of the Board would include eleven members (nine-voting and two non-voting) composed of both the public and private sectors, and representing the neighbor islands.
- **Tourism Functions.** All non-research tourism functions within the State Department of Business, Economic Development & Tourism (DBEDT) should be transferred to and funded through the new board. Data gathering and analysis related to the visitor industry should be transferred to DBEDT in order to provide independent review and evaluation of trends in the visitor industry.

## **B. Legislation (Act 156 - Hawaii Revised Statutes 201B)**

On July 9, 1998, Governor Benjamin J. Cayetano signed into law Act 156. Although there were some differences between the ERTF recommendations and the resulting legislation, Act 156 maintained the integrity of the original proposal. Below are the major points of this legislation:

- **Hotel Tax.** The TAT was raised from 6 percent to 7.25 percent and was broadened to include time-share condominiums.
- **Dedicated tourism marketing.** 2.75 percentage points of the hotel tax was dedicated to create an annual tourism fund of approximately \$60 million.
- **Tourism Board.** A cabinet-level Executive Board, the Hawaii Tourism Authority, was established to oversee the new tourism fund, create a vision for tourism and administer tourism development from a statewide perspective. The thirteen-member board (eleven voting and two non-voting) is composed of both public and private sectors and includes neighbor island representation.
- **Tourism Functions.** All non-research tourism functions within the State Department of Business, Economic Development & Tourism (DBEDT) were transferred to and will be funded through the new Board. Data gathering and analysis related to the visitor industry will be transferred to DBEDT in order to provide independent review and evaluation of trends in the visitor industry.



## **II. Mandates of the Hawaii Tourism Authority**

**According to HRS 201B (Act 156), the Hawaii Tourism Authority is mandated to:**

- Create a vision and develop a long-range plan for tourism in Hawaii, including product development, infrastructure, and diversification issues;
- Develop, coordinate, and implement State policies and directions for tourism and related activities taking into account the economic, social, and physical impacts of tourism on the state;
- Develop and implement the State tourism strategic marketing plan, which shall be updated every three years, to promote and market the state as a desirable visitor destination;
- Have a permanent, strong focus on marketing and promotion;
- Conduct market development-related research as necessary;
- Coordinate all agencies and advise the private sector in the development of tourism-related activities and resources;
- Work to eliminate or reduce barriers to travel in order to provide a positive and competitive business environment, including coordinating with the Department of Transportation on issues affecting airlines and air route development;
- Market and promote sports-related activities and events;
- Coordinate the development of new product lines with public and private sectors, including the development of sports, culture, health, education, business and ecotourism;
- Establish a public information and educational program to inform the public of tourism and tourism-related problems;
- Encourage the development of tourism educational, training and career counseling programs; and
- Establish a program to monitor, investigate, and respond to complaints about problems resulting directly or indirectly from the tourism industry and taking appropriate action as necessary.

### **III. Overview of the Hawaii Tourism Authority**

#### **Introduction**

Never before has Hawaii been in such great need of economic stimulus. The ongoing Asian financial crises continue to plague the state's economy, in spite of vibrant growth on the U.S. Mainland. Governor Cayetano and the 1998 Legislature had the vision, courage, and initiative to develop a new and dedicated mechanism to fund tourism, increase the level of funding for tourism to a globally competitive level, and create a cabinet-level Authority for fiscal oversight, and tourism development and marketing.

The members of the board of the Hawaii Tourism Authority recognize the challenges and responsibilities set before them. While the state has not faced an economic challenge of this nature in the past, neither has it been so equipped to develop and market Hawaii's largest industry. It is with honor and commitment that the newly appointed board has begun to develop the framework through which strategies and policies can be developed which will be the catalyst to revitalize Hawaii's tourism industry, and bring it once again to the forefront in today's globally competitive environment.

On October 9, 1998, Governor Cayetano announced his appointments to the first Hawaii Tourism Authority (HTA) Board of Directors. The first meeting of the HTA Board was held on October 27, 1998 when the board members, cognizant of the significance of their responsibilities, acknowledged the importance of frequent meetings to ensure that their mandates would be accomplished in a timely manner. Since that time, the HTA Board met six times. In addition, several presentations were made for the purpose of expeditiously updating the board on various issues relevant to its mandates (See Attachment 2). A summary of actions taken since the first meeting of the board follows.

#### **Summary of Actions Taken:**

- **Work Plan**

To develop a framework, and to guide the HTA's work plan for the near-term, the HTA established seven Standing Committees: Executive Director Search, Budget, Event Marketing, and four program planning committees - Goals, Situation Analysis, Strategic Plan, and Accountability. The four program planning committees, and its inter-relationships, will form the basis for the major portion of the HTA's responsibilities and will serve as the catalyst for developing its work plans and future directions. Section IV provides more detailed information on these committees, their objectives and activities.

- **Legislative Agenda**

Of immediate importance is the passage of a legislative appropriation from the new Tourism Special Fund. This appropriation was inadvertently omitted from 1998 legislation; Act 156 establishes the fund, but neither the budget bill nor Act 156 provides a vehicle which appropriates the monies for expenditure by the Authority. Until an appropriation is passed by the 1999 Legislature, the HTA cannot, by law, expend any funds from the Tourism Special Fund.

HTA board members agree that the intent of the statute which creates the Authority is that all tourism development — including marketing, planning, product development & diversification, visitor safety & security — and tourism policy issues, should be guided and coordinated by the Authority. As such, the Authority has adopted a “zero-to-low” tolerance policy for special interest groups, and will lobby the Legislature to abolish the practice of establishing legislative budget provisos. It is the opinion of the board that the intent behind the establishment of a cabinet-level, independent authority is to eliminate conflicts of this nature.

The HTA board members believe that the solution to implementing a consistent program for tourism development and marketing lies in the creation of a strategic plan, and criteria by which funding requests can be measured. This method of selection will not only guide Hawaii tourism in a more focused manner, but it will leverage the power of the tourism funds to their maximum potential, with full accountability.

- **Marketing**

The HTA is mandated, by statute, to have a “permanent, strong focus on marketing and promotion.” The Hawaii Visitors and Convention Bureau (HVCB) was also designated, by statute, to be the State’s tourism marketing entity through “at least June 30, 1999.” Due to the nature of marketing and cooperative agreements within the industry, the HTA board heard a marketing presentation by the HVCB for planned marketing activities through December of 1999.

The HVCB requested an opportunity to present a five-year marketing plan before the board. The rationale behind a multi-year plan is legitimate; however, the board determined that the development of goals, a situation analysis, a strategic tourism plan and an accountability system must occur before it can consider a multi-year marketing plan.

- **Administrative Matters and Organizational Structure**

- John Reed was elected Chair and Diane Quitquit Vice-Chair of the first Hawaii Tourism Authority Board of Directors.
- HTA bylaws were adopted and signed by all members.
- Chair Reed was authorized to negotiate and enter into a contract with the HVCB for marketing services.
- Board members unanimously approved a motion to change HTA’s budget from a fiscal year to a calendar year to ensure better coordination with industry plans. However, the Authority understands that it must still abide by the State fiscal year budgeting and appropriation system. The calendar year budgeting system will be for internal planning and contractual use. Subsequently, on December 16, 1998, the board approved a general budget for HTA for the calendar year 1999 (See Attachment 1).
- Chair Reed was elected to be media spokesperson for HTA, during the interim absence of the Executive Director.

## **IV. Hawaii Tourism Authority Standing Committee Assignments and Progress to Date**

For the purpose of developing a framework by which the Authority could begin moving forward with its mission, several committees were formed. The Executive Director Search Committee was established for the purpose of securing the most qualified candidate possible, and will be dissolved upon completion of its purpose. The other committees, however, are standing committees which will remain in place indefinitely, or until a date determined by the board. Each committee was developed with the intention that none would operate independent of the others. Each committee provides a status report to the full board on a regular basis, and the committees work within the applicable parameters set forth by other related committees. The budget committee pulls together the objectives of each of the standing committees to ensure adequate funding in each of the program areas. A more detailed outline of the functions and status of each of the committees follows.

### **A. Executive Director Search Committee**

By statute, the board is required to appoint an executive director who has responsibility for administering the activities of the Authority by planning, organizing, directing and reporting upon its work. Due to the urgency of securing the most qualified candidate as soon as possible, one of the first actions of the board was to establish the Executive Director Search Committee. The committee consists of Shari Chang, Diane Quitiquit, Roy Tokujo, and Keith Vieira who was assigned to lead this committee. Below is a chronological progress report on the committee's actions:

- The committee developed a position description for the Executive Director and established a salary range for this position. Both were approved by the Governor.
- A press release was sent out to inform the public that the HTA would be placing an advertisement in the newspaper to hire an Executive Director. This action provided additional publicity about the position and created community awareness of HTA's actions.
- An advertisement for the Executive Director position ran on Sunday, November 29, 1998 in all of the major island newspapers. In addition, an advertisement was run on Wednesday, December 3, 1998 in the Honolulu Advertiser and Star-Bulletin. Resumes were due by December 15, 1998.
- As of December 15, 1998, a total of 38 applications were received. However, due to a concern that a sufficient number of "A+" applications had not been received, the date may be extended to ensure a larger pool of quality applicants.
- The committee will select three finalists and make its recommendations to the full board. The board may abide by the recommendation of the committee, may choose one of the other finalists, or may request the committee to provide the entire list of applicants to the board for its consideration. The committee has set an internal goal of having the Executive Director in place by February 1, 1999.

**B. Budget Committee** -- Develop a budget for the HTA for calendar year 1999. (short term) Maintain fiscal responsibility for HTA budget including projected revenue streams, expenses and financial investments. (long term)

HTA Members: Gary Baldwin (lead), David Carey, and Ron Wright

Resource Staff: Muriel Anderson, Bill Bone and Larry Conley

Deadline: Short term - December 16, 1999  
Long term - ongoing

Below is a chronological progress report on the committee's actions:

- During the committee's first meeting, it was determined that January 1999 Transient Accommodations Tax (TAT) collections will not be deposited into the Tourism Special Fund until approximately February 20, 1999, and each month's collections will follow a similar pattern of delay. As such, the committee is using an accrual accounting system to develop the budget. In this way, twelve full months of funding for calendar year 1999 is available for budgeting purposes, despite the lag in collections.
- It was determined that since the Authority is reliant solely upon the highly variable TAT revenues, an internal mechanism should be developed for short-term forecasting of monthly TAT revenues. This mechanism will enable the Budget Committee to adjust its budget, based upon emerging trends in TAT collections. Such adjustments will prevent budgetary shortfalls that could inadvertently occur otherwise.
- The committee presented a draft of HTA's budget for Calendar Year 1999 at the December 2, 1998 meeting. The draft budget included funds for tourism programs, events, product development, and administrative costs of 3 percent of the total budget, which is the cap set by statute.
- A revised draft was submitted to HTA for approval at the December 16, 1998 meeting. The full board approved a general budget for calendar year 1999 which includes funding in the amount of \$45,425,793 to the HVCB subject to actual TAT collections, and further determination of funding breakout by market and Island Chapter allocation. A copy of the HTA budget is included in this report as Attachment 1.

## C. Planning Standing Committees

### 1. Tourism Goals - Define goals that will drive the planning process for tourism.

HTA Members: Keith Vieira (lead), Roy Tokujo, Seiji Naya, Diane Quitiquit and Gary Baldwin

Resource Staff: Bill Bone, Sharon Freitas and Pearl Imada Iboshi

Deadline: Draft due December 31, 1998

A draft outline composed of three parts has been developed by this committee:

- 1) Core Principles/Values. The underlying premise is that core principles and values will guide the HTA in developing a framework by which HTA will develop its strategies and tactics. Once identified, the core principles/values do not change. Currently, nine core principles/values have been identified.

- 2) **Constituents.** It is essential that the goals are meaningful to each of the seven constituents that HTA has identified: (1) the visitor industry; (2) the state residents; (3) the retail community; (4) the general business community; (5) the culture and arts community; (6) the government and the Legislature; and (7) the military.
- 3) **Goals.** The committee is developing a grid framework for both primary and supportive measurements. The measurements will allow HTA the flexibility to make adjustments within the grid based on market conditions occurring in various geographic segments. The primary measurement used will be visitor expenditures by geographic segments. Supporting measurements include TAT Revenues, Daily Retail Spending, Visitor Market Segment Mix, Visitor Arrivals, Visitor Days, Market Share, Tax Revenue, Visitor Impact, and Job Creation.
- 4) According to its timeline, the committee has identified January 1999 as the targeted completion date for the Goals.

**2. Situation Analysis** - Assess how Hawaii measures up to its competition from both marketing and product development perspectives.

HTA Members: David Carey (lead), Shari Chang, Kazu Hayashida, Kalowena Komeiji and Ron Wright  
 Resource Staff: Jamie Lum and Jan Yamane  
 Deadline: Final report due March 1, 1999

The purpose of this committee is to assess Hawaii's current position within the competitive marketplace. This assessment will lay the foundation upon which to build a long-term strategic plan for Hawaii's visitor industry. The committee has developed a general framework and timeline to guide the preparation of this competitive strategic assessment of Hawaii's tourism:

- 1) The world tourism market was broken down into ten Major Market Areas (MMAs): U.S. West, U.S. East, Canada, Japan, Europe, Latin American, Other Asia, Oceania, Meetings, Conventions & Incentive (MCI) and Other for the purpose of evaluating Hawaii's competitive strengths and weaknesses. In developing these market areas, the committee recognized that there are no perfect divisions and that some overlaps will occur. This is particularly true of the MCI market, as it is not based on a geographic region but is rather a market segment within each geographic region.
- 2) For each MMA, an analysis of the following areas will be performed:
  - Major Market Area Overview
  - Competitor Overview by MMA
  - Potential Competitors
  - General Environment Analysis
  - Air Carrier Analysis
  - Supplier/Distribution Analysis

In addition, an assessment of Hawaii's tourism product from the perspectives of the visitor (satisfaction levels), resident (support for the industry) and industry (business environment) will be performed. This assessment will be prepared by island or county, as each has different considerations, needs, and product issues.

The committee has invited private consultants to submit proposals to perform the strategic assessment of Hawaii's visitor industry. A contract is expected to be awarded in early January 1999.

According to its initial timeline, the committee has identified March 1, 1999 as the targeted completion date for the competitive strategic assessment.

3. **Strategic Plan** - Develop long-term and short-term strategic outlook for Hawaii's visitor industry to include both supply and demand issues.

HTA Members:	Shari Chang (lead), Gary Baldwin, Mark Rolfing, Seiji Naya, and Roy Tokujo
Resource Staff:	Bill Bone, Russ Francis, Sharon Freitas and Jan Yamane
Deadline:	Plan due June 1, 1999

The purpose of this committee is to develop a Strategic Tourism Plan for the State of Hawaii that will guide the development of the state's visitor industry over the next five to seven years. The strategic plan will incorporate the goals, accountability mechanisms and the results of the competitive strategic tourism assessment developed by the respective standing committees. In formulating this plan, the committee acknowledges that the diverse interests of each constituent group must be coordinated and that the State's resources must be allocated to provide maximum benefit to Hawaii's residents.

The strategic plan will be developed to maximize the economic, social, cultural and environmental benefits, and minimize the negative impacts of tourism. Input from all of the identified constituents will help guide the development of the strategic plan, and there will be a concerted effort to balance overall State and individual Island needs and desires.

The committee is currently drafting a scope of services associated with developing the strategic plan and will invite private consulting firms to submit proposals for its consideration in early January 1999.

According to the committee's timeline, the strategic plan is expected to be completed by June 1, 1999.

**4. Accountability** - Develop performance measures and accountability for tourism program.

HTA Members: Gilbert Kimura (lead), David Carey, Seiji Naya and John Reed  
Resource Staff: Sharon Freitas and Pearl Imada Iboshi  
Deadline: Draft due February 1, 1999

The purpose of this committee is to identify measures that will determine the effectiveness of actions taken by HTA. The committee will develop both short and long-term accountability measures that are aligned with the goals selected by the board. These measures will be tied to specific major market areas (MMAs) and will ensure that the strategies developed by the board are effective and properly implemented. To date, the board has identified several accountability measures that include, but are not limited to:

- Basic Measures: Visitor Arrivals, Length of Stay, Hotel Occupancy, Airline Seats, Expenditures and Tax Revenues;
- Specific Measures: Gains per dollar spent, and travel agency and visitor satisfaction surveys; and
- Competitive Measures: Market shares and comparative costs.

**D. Event Marketing Committee:** Develop performance measurements and evaluation criteria to support and/or fund events.

HTA Members: Mark Rolfing (lead, Maui), Gary Baldwin (Kauai), Diane Quitiquit (Big Island), Roy Tokujo (Oahu) and Kalowena Komeiji  
Resource Staff: Russ Francis and Jamie Lum  
Deadline: Ongoing

The primary purpose of this committee is to develop a framework whereby events can be evaluated to determine their economic and marketing value to the state as well as their fit into the overall strategic plan of the State. These criteria will guide the decision of the board regarding State funding of tourism events.

The committee determined 1999 events that were funded by legislative proviso from the Tourism Special Fund prior to the HTA members' appointment would receive funding during the first calendar year. The rationale for funding these events is two-fold: (1) budgets have already been developed and this funding is expected; and (2) there is not adequate time to fully review these events, as they will happen within a short time-frame.

The committee recommended that HTA approve funding of \$1,000,000 for five golf events — the Senior Skins Game on the island of Hawaii, the Mercedes Championships and Kaanapali Classic on the island of Maui, the PGA Grand Slam of Golf on the island of Kauai, and the Sony Hawaiian Open on the island of Oahu. Each of the golf events would receive \$200,000 with the following conditions: 1) \$150,000 for site subsidy, with the intent of weaning the event off of the subsidy; and 2) \$50,000 for a merchandising package. The HVCB, as HTA's marketing entity, will use the \$50,000 to negotiate the merchandising package as well as manage the relationship between the State and event organizers.



For unidentified events that may be funded by the HTA in the future, the committee has begun developing an overall funding strategy that consists of three components:

- Developing a process to fund events. This would consist of an evaluation grid to identify HTA's criteria for funding an event. Separate criteria will be developed to evaluate three types of events: 1) "Signature" events; 2) Events with media value; and 3) Community-based events. These criteria will ensure that funds are leveraged to achieve the highest return on investment, that the events fit into the overall State tourism marketing plan, and that the events enhance our existing tourism product;
- Identifying the contracting party; and
- Defining who and how the relationship should be managed.

The second and third components of the strategy may include the State's tourism marketing entity, the island chapters or an outside agency.

In addition, the committee is developing a comprehensive year-round calendar of events for all islands as this would allow the committee to:

- identify existing events that need support or could be expanded instead of looking for new events to support; and
- identify the gaps for events in terms of timing (certain months) or area (certain islands).

## V. Statement of Future Direction from the Hawaii Tourism Authority Board of Directors

For more than three decades, tourism has played a major role in the economic health of the state. Presently, it far surpasses any other industry as Hawaii's primary economic engine. While the State is striving to achieve greater economic diversification, tourism will continue to play a key role in the state's economy as we move into the future. Hawaii has a strong competitive advantage over other destinations; its environment, climate, diversity, culture, and history make Hawaii one of the world's most preferred destinations. This is not something that should be downplayed — nor is it something we should exploit without regard for the outcomes. We must, rather, properly manage our assets to ensure that our tourism product remains vibrant and our culture intact.

If tourism is to remain an important economic development strategy for the State of Hawaii, we cannot be complacent about our approach to tourism development. As we enter the new millennium, our vision for the State of Hawaii must be guided by a comprehensive strategic tourism plan. In order to succeed, this plan must be community based and must be endorsed by the communities of all islands. The implementation of this plan will then become the primary focus of the HTA. As described herein, efforts to begin developing this plan have already begun. The four major components of the HTA's program planning efforts are centered around:

- Tourism Goals;
- Situation Analysis;
- Strategic Plan; and
- Accountability Framework

It is the challenge of the Hawaii Tourism Authority not only to provide short-term economic stimulus to the state economy, but also to think in terms of the needs of future generations. The groundwork that is being developed will be the foundation for tomorrow's tourism industry. We must ensure the foundation is appropriately designed and structurally sound so that it can provide stimulus today, and adequate support in the future.

We look forward to meeting these challenges in the upcoming years.

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John L. Reed, Chair

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Diane S. Quitiquit, Vice-Chair

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Gary J. Baldwin, Director

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David Carey, Director

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Shari W. Chang, Director

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Kazu Hayashida, Director

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Kalowena Komeiji, Director

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Gilbert Kimura, Director

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Seiji F. Naya, Director

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Mark Roling, Director

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Roy Tokujo, Director

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Keith Vieira, Director

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Ron Wright, Director

HAWAII TOURISM AUTHORITY  
CALENDAR YEAR 1999 BUDGET

<b>REVENUES</b>	<b><u>CY 1999</u></b>
Tourism Special Fund (37.9% TAT Collections <i>projected</i> )	<b>\$58,608,768</b>
<b>HTA EXPENDITURES</b>	
<b>Operating</b>	
Administrative Costs (3% cap)	\$1,758,263
<b>Total Operating Costs</b>	\$1,758,263
<b>Other</b>	
HTA programs	\$1,500,000
Research	960,000
Pro Bowl	3,375,154
Sports & Events Marketing	1,930,500
Public Information & Education	159,058
Product Development	3,000,000
Program Reserve	<u>500,000</u>
<b>Total Other Expenditures</b>	<b>\$11,424,712</b>
<b>TOTAL HTA EXPENDITURES</b>	<b>\$13,182,975</b>
<b>HAWAII VISITORS &amp; CONVENTION BUREAU (includes Island Chapters)</b>	
Marketing Costs	\$45,425,793
<b>TOTAL HVCB EXPENDITURES</b>	<b>\$45,425,793</b>
<b>TOTAL HTA &amp; HVCB EXPENDITURES</b>	<b><u>\$58,608,768</u></b>

VI. Attachments

**SUMMARY OF PRESENTATIONS MADE TO THE  
HAWAII TOURISM AUTHORITY:**

- Dr. Seiji Naya (Director of DBEDT) and Brad Mossman (Director of Planning and Deputy Director of DBEDT) provided an overview of the enabling legislation (Act 156), and a presentation on the organizational structure of the Hawaii Tourism Authority, HTO and DBEDT;
- Daniel J. Mollway, Executive Director of the State Ethics Commission (E.C.), and Guy Archer, Deputy Attorney General for the HTA, provided an overview of the commission and an explanation on the Sunshine Law;
- Tony Vericella, President of the Hawaii Visitors and Convention Bureau (HVCB), presented the HVCB's Calendar Year 1998-99 Annual Tourism Marketing Plan;
- A Tourism Research presentation was conducted jointly by Pearl Imada Iboshi, Chief Economist and Administrator of DBEDT's Research & Economic Analysis Division (READ) and Barbara Okamoto, Director of HVCB's Market Research Division; and
- Muriel Anderson, Bill Bone, Russ Francis, Jamie Lum and Jan Yamane made a presentation on the Hawaii Tourism Office (HTO) which serves as staff to the HTA.